

# INDIVIDUAL

ACCOUNTS AND REPORT

2024

# PHAROL, SGPS S.A.



INDIVIDUAL REPORT AND ACCOUNTS

2024

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**The designations "PHAROL", " PHAROL GROUP", "GROUP" AND "COMPANY" REFER TO ALL THE COMPANIES THAT MAKE UP PHAROL SGPS, S.A. or to any of them, depending on the context.**

## 01. MANAGEMENT REPORT

As of December 31, 2023, PHAROL's main assets were (1) the debt instruments of Rio Forte Investments S.A. ("Rio Forte") with a nominal value of 897 million Euros and currently valued at 51.9 million Euros, (2) the investment in the equity and bond portfolios in the amount of 27 million Euros, (3) cash and cash equivalents in the amount of 16 million Euros and (4) through its subsidiaries, wholly owned, holds 59,258 common shares of Oi S.A. ("Oi"), representing 0.02% of the respective share capital (without treasury shares), with the value of 12 thousand Euros.

The debt instruments of Rio Forte, whose bankruptcy proceedings began in December 2014 are still ongoing in the Luxembourg courts, remain valued at a recovery value of 5.79% of their nominal value and amount to 51.9 million Euros. During the financial year 2024, there was no relevant occurrence that would justify a revision of its recovery value. There are also, following the investment made in Rio Forte, other proceedings opened against the former Directors and the former External Auditor that are ongoing in the Portuguese authorities.

The investment portfolios that PHAROL subscribed to in August 2022 (10 million Euros) and reinforced in August 2023 (15 million Euros) are composed of investments in financial assets that mostly include asset groups of Bonds and Shares of listed companies. On December 31, 2024, the overall value of these portfolios amounts to 26.98 million Euros, an increase of 1.16 million Euros compared to the value on December 31, 2023.

After the purchase of 39.7% of Oi in 2014, PHAROL, through its wholly owned subsidiaries, carried out several operations that significantly changed its stake in the company. In 2015, after the voluntary conversion of preferred shares into common shares, it held 27.18% of Oi's total capital, with voting rights limited to 15%. In 2016, Oi entered into Judicial Reorganization, and the capital increase resulting from the reorganization plan diluted PHAROL's stake to 6.88% in 2018 and to 5.51% in 2019, even with the partial subscription of the capital increase.

As of 2020, PHAROL, through its wholly owned subsidiaries, began the progressive sale of its Oi shares, reducing the stake to 5.37%. Between 2021 and 2024, following an asset rotation strategy, it continued to divest shares, successively reducing the stake to 2.2% in 2022, 0.18% in 2023 and 0.02% in 2024.

## SUMMARY OF ACTIVITY

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Apart from its activity of managing shareholdings in other companies, the Company has not carried out any direct operational activity.

## LEGAL INFORMATION

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There are no arrears owed to the Portuguese State and Social Security.

No business or transactions that are considered significant in economic terms by any of the parties involved were entered into between the Company and the members of its management and supervisory bodies, with the exception of those mentioned in Note 20 of the Annex to the financial statements as of December 31, 2024.

## FINANCIAL YEAR EVENTS AND RECENT DEVELOPMENTS

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The main events that occurred in the financial year ended December 31, 2024 and recent developments are described in PHAROL's consolidated report, to which we allow ourselves to refer the Shareholders.

## PROPOSAL FOR THE APPLICATION OF PROFITS

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Considering that in the year ended December 31, 2024, a positive net result of 24,207,036 Euros was recorded, it is proposed that they be transferred to the Company's Retained Earnings.

Lisbon, February 25, 2025

Luís Maria Viana Palha da Silva, Chairman of the Board of Directors and Managing Director

Diogo Filipe Gil Castanheira Pereira, Non-executive director

Rafaela Andrade Reis Figueira, Non-Executive Director

## 02. FINANCIAL STATEMENTS

PHAROL, SGPS, S.A.

BALANCE SHEET  
DECEMBER 31, 2024 AND 2023

	Notes	2024	Euros 2023
<b>ACTIVE</b>			
<b>Non-current asset</b>			
Property, plant and equipment		7.059	18.117
Intangible assets		11.335	-
Financial participations - equity method	6	188.421	324.056
Other financial investments	7	78.885.930	77.728.899
<b>Total non-current assets</b>		<b>79.092.745</b>	<b>78.071.072</b>
<b>Current Asset</b>			
Other receivables		150.357	260.837
Deferrals		3.239	946
Cash and bank deposits	4	15.773.328	17.035.740
<b>Total current assets</b>		<b>15.926.924</b>	<b>17.297.522</b>
<b>Total assets</b>		<b>95.019.669</b>	<b>95.368.595</b>
<b>EQUITY</b>			
Share capital	11	26.895.375	26.895.375
Own shares	11	(164.809.193)	(164.809.193)
Legal reserves	11	6.773.139	6.773.139
Other reserves	11	242.935.715	242.935.715
Adjustments / other changes in equity	11	(183.305.008)	(183.143.296)
Retained earnings	11	139.487.343	140.454.535
Net income		24.207.036	(967.191)
<b>Total equity</b>		<b>92.184.407</b>	<b>68.139.083</b>
<b>PASSIVE</b>			
<b>Non-current liabilities</b>			
Financing obtained		23.811	30.728
Provisions		75.775	75.775
<b>Total noncurrent liabilities</b>		<b>99.585</b>	<b>106.503</b>
<b>Current liabilities</b>			
Suppliers	12	88.963	103.522
Accrued expenses	13	600.753	249.131
State and other public entities	10	1.189.412	125.692
Other debts to pay	19	856.550	26.644.663
<b>Total current liabilities</b>		<b>2.735.677</b>	<b>27.123.008</b>
<b>Total liabilities</b>		<b>2.835.263</b>	<b>27.229.512</b>
<b>Total equity and liabilities</b>		<b>95.019.669</b>	<b>95.368.595</b>

Notes form an integral part of these financial statements.

**INCOME STATEMENT**  
**FISCAL YEARS ENDED DECEMBER 31, 2024 AND 2023**

Euros

	Notes	2024	2023
Losses (gains) on investee companies, net	14	(32.313)	(163.104)
External supplies and services	15	(1.172.980)	(994.484)
Personnel expenses	16	(991.030)	(849.109)
Indirect taxes		(161.829)	(131.248)
Fair value increases/(decreases)	17	1.264.513	1.132.854
Other income		26.183.600	583
Other expenses		(14.232)	(90.207)
<b>EARNINGS BEFORE DEPRECIATION, FINANCING EXPENSES AND TAXES</b>		<b>25.075.729</b>	<b>(1.094.715)</b>
Depreciation and amortization expenses/reversals		(14.653)	(22.953)
<b>OPERATING INCOME (BEFORE FINANCING EXPENSES AND TAXES)</b>		<b>25.061.076</b>	<b>(1.117.668)</b>
<b>FINANCIAL COSTS AND (GAINS)</b>			
Interest and similar income earned		399.492	177.475
Interest and similar expenses incurred		(2.631)	(2.375)
<b>PROFIT BEFORE TAX</b>		<b>25.457.937</b>	<b>(942.568)</b>
Income tax for the period	9	(1.250.901)	(24.623)
<b>NET RESULT</b>		<b>24.207.036</b>	<b>(967.191)</b>
<b>Net income per share</b>			
Basic and diluted	18	0,03	-

Notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY  
FISCAL YEARS ENDED DECEMBER 31, 2024 AND 2023

Euros

		Share capital	Own shares	Legal reserves	Other reserves	Adjustments/other changes in equity	Retained earnings	Net income	Total equity
<b>Balance as of December 31, 2022</b>	The	26.895.375	(164.809.193)	6.773.139	242.935.715	(182.519.562)	142.963.795	(2.509.260)	69.730.008
<b>Changes in the exercise:</b>									
Financial Statement Translation Differences		-	-	-	-	(116.475)	-	-	(116.475)
Other recognised changes in equity		-	-	-	-	(507.259)	-	-	(507.259)
	B	-	-	-	-	(623.733)	-	-	(623.733)
<b>Net income</b>	C	-	-	-	-	-	-	(967.191)	(967.191)
<b>Full result</b>	B+C	-	-	-	-	(623.733)	-	(967.191)	(1.590.925)
<b>Operations with capital holders:</b>									
Application of the previous year's results		-	-	-	-	-	(2.509.260)	2.509.260	-
	D	-	-	-	-	-	(2.509.260)	2.509.260	-
<b>Balance as of December 31, 2023</b>	E=A+B+C+D	26.895.375	(164.809.193)	6.773.139	242.935.715	(183.143.296)	140.454.535	(967.191)	68.139.083
<b>Changes in the exercise:</b>									
Financial Statement Translation Differences		-	-	-	-	(15.609)	-	-	(15.609)
Other recognised changes in equity		-	-	-	-	(146.103)	-	-	(146.103)
	F	-	-	-	-	(161.713)	-	-	(161.713)
<b>Net income</b>	G	-	-	-	-	-	-	24.207.036	24.207.036
<b>Full result</b>	F+G	-	-	-	-	(161.713)	-	24.207.036	24.045.323
<b>Operations with capital holders:</b>									
Application of the previous year's results		-	-	-	-	-	(967.191)	967.191	-
	H	-	-	-	-	-	(967.191)	967.191	-
<b>Balance as of December 31, 2024</b>	I=E+F+G+H	26.895.375	(164.809.193)	6.773.139	242.935.715	(183.305.008)	139.487.343	24.207.036	92.184.406



STATEMENT OF CASH FLOWS  
PERIODS ENDED DECEMBER 31, 2024 AND 2023

	Notes	2024	Euros 2023
<b>OPERATIONAL ACTIVITIES</b>			
Payments to suppliers		(1.098.873)	(1.293.714)
Staff payments		(791.815)	(858.184)
Income tax-related payments		(116.387)	(44.108)
Other receipts, net		354.283	11.732.071
<b>Operational activity flows (1)</b>		<b>(1.652.793)</b>	<b>9.536.065</b>
<b>INVESTMENT ACTIVITIES</b>			
Receipts from:			
Financial investments	4. a.	-	5.050.000
Similar interest and income		414.156	59.344
		<b>414.156</b>	<b>5.109.344</b>
Payments concerning:			
Short-term financial investments			
Financial investments		-	(16.385.180)
Tangible and intangible assets		(21.849)	(7.414)
		<b>(21.849)</b>	<b>(16.392.595)</b>
<b>Investment activity flows(2)</b>		<b>392.308</b>	<b>(11.283.251)</b>
<b>FUNDING ACTIVITIES</b>			
Payments concerning:			
Interest and similar costs		(1.926)	(2.088)
		<b>(1.926)</b>	<b>(2.088)</b>
<b>Flows of financing activities(3)</b>		<b>(1.926)</b>	<b>(2.088)</b>
Cash and cash equivalents at the beginning of the period		17.035.740	18.785.014
Change in cash and its equivalents (4)=(1)+(2)+(3)		(1.262.411)	(1.749.274)
<b>Cash and cash equivalents at the end of the period</b>	4. b.	<b>15.773.328</b>	<b>17.035.740</b>

Notes form an integral part of these financial statements.

## APPENDIX TO INDIVIDUAL FINANCIAL STATEMENTS

On December 31, 2024

(Amounts expressed in euro, unless otherwise stated)

### 1. Introductory note

#### a) Company Identification

PHAROL, SGPS, S.A. ("PHAROL", "PHAROL SGPS" or "Company") was incorporated on June 23, 1994 under the terms of Decree-Law No. 122/94, by merger of the companies Telecom Portugal, S.A., Telefones de Lisboa e Porto (TLP), S.A. ("TLP") and Teledifusora de Portugal, S.A. ("TDP"), with reference to January 1, 1994. As a result of the privatization process initiated on 1 June 1995 and completed on 4 December 2000, PHAROL's capital is held for the most part by private shareholders. On 12 December 2000, Portugal Telecom, S.A. changed its corporate name to Portugal Telecom, SGPS, S.A., having changed its corporate purpose to a holding company. On 29 May 2015, it changed its name to PHAROL, SGPS, S.A.

PHAROL currently holds, indirectly through subsidiaries, 59,258 common shares of Oi S.A., representing only 0.02% of the company's share capital. The progressive loss of stake in Oi occurred over the years, especially after the dilution resulting from successive capital increases and the gradual sale of shares, culminating in the current irrelevant position in terms of influence in the Brazilian operator. Since December 31, 2017, PHAROL has been accounting for its investment in Oi at market value, classified as a "Financial Asset".

In addition, PHAROL maintains a significant investment in Rio Forte Investments S.A.'s debt instruments, with a nominal value of 897 million Euros. These securities, acquired in the context of the agreements signed with Oi on 30 March 2015, are currently valued at only 51.9 million Euros, reflecting the impact of Rio Forte's insolvency, declared by the Luxembourg Court in December 2014.

#### b) Basis for presentation

These financial statements refer to the Company on an individual basis and have been prepared in accordance with generally accepted accounting principles in Portugal (Note 2), and the financial investments have been recorded using the equity method, less any impairment as referred to in Note 3.3. In these individual financial statements, the effect of the application of the equity method, through the appropriation of the share held in the other changes in equity and the net profit of the years ended on those dates, was considered, in the equity as at 31 December 2024 and 2023, through the appropriation of the share held in the other changes in equity and the net profit of the investee companies, based on the respective financial statements, but not the effect of full consolidation on assets, liabilities, expenses and income.

The Company has prepared, in accordance with applicable law, consolidated financial statements in accordance with the International Financial Reporting Standards, as adopted in

the European Union, published separately. These consolidated financial statements include the financial statements of the companies in which PHAROL controls, consolidated using the full method.

The disclosures presented in these consolidated financial statements are complementary, *mutatis mutandis*, to the disclosures presented in these financial statements.

The financial statements for the year ended December 31, 2024 were approved by the Board of Directors and authorized for issuance on February 25, 2025, and are also subject to approval by the General Shareholders' Meeting, under the terms of the commercial legislation in force in Portugal.

## **2. Accounting framework for the preparation of financial statements**

The Company's financial statements have been prepared in accordance with the Accounting Standards System (SNC) framework, which integrates the Financial Reporting Accounting Standards (NCRF), adapted by the Accounting Standards Commission (CNC) from the International Financial Reporting Standards (IFRS, formerly known as International Accounting Standards) issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). The legal diplomas referring to the SNC are:

- Notice No. 8254/2015, of July 29 (Conceptual Framework);
- Ordinance No. 220/2015, of July 24 (Model of financial statements);
- Ordinance No. 2018/2015, of July 23 (Code of accounts);
- Notice No. 8256/2015, of 29 July (Accounting and Financial Reporting Standards);
- Notice No. 8258/2015, of July 29 (Interpretative rules);
- Decree-Law No. 73/2023, of 23 August (Disclosure of information on income tax by certain companies and branches).

The Company adopted the NCRF for the first time in 2010 and applied for this purpose the "*NCRF 3 First Time Adoption of the NCRF*" ("NCRF 3"), with January 1, 2009 being the transition date for the purposes of presentation of these financial statements. The Company applies the International Accounting and Financial Reporting Standards ("IAS/IFRS") and the respective interpretations ("SIC/IFRIC") issued by the *International Accounting Standards Board* ("IASB") in addition, in order to fill gaps or omissions regarding specific aspects of some transactions or particular situations not provided for in the SNC.

Since January 1, 2005, PHAROL's consolidated financial statements have been prepared in accordance with IFRS as adopted in the European Union, in accordance with the regulations applicable to companies listed on stock exchanges in the European Union.

The PHAROL Group is made up of the following companies:

					Dec-24	Dec-23
Company	Head office	Type of Company	Activity	Direct	Effective	Effective
Bratel BV	Amsterdam	Subsidiary	Investment Management	Pharol SGPS (100%)	100%	100%
PT Brasil1	São Paulo	Subsidiary	Investment Management	Bratel BV (100%)	-	100%
Bratel S.a.r.l.	Luxembourg	Subsidiary	Investment Management	Bratel BV (100%)	100%	100%

<sup>1</sup> On December 30, 2024, PHAROL Brasil S.A. was liquidated.

In addition, it should be noted that PHAROL on December 31, 2024 and 2023 held a stake in Oi's capital of 0.02% and 0.18% (excluding treasury shares), respectively.

### 3. Key Accounting Policies, Judgments, and Estimates

The accompanying financial statements have been prepared on the assumption of continuity of operations. The key accounting policies adopted in the preparation of these financial statements are described below and have been consistently applied.

#### 3.1. Property, plant and equipment

Property, plant and equipment is recorded at acquisition cost, which includes the purchase price and any costs directly attributable to placing the assets in place and in the condition necessary for them to operate as intended.

Depreciation of property, plant and equipment shall be recognised after the asset is in a condition to be used in accordance with the constant share method. The annual rates applied reflect the estimated useful life for each class of goods, as follows:

Asset Class	Years of Useful Life
Transportation Equipment	4
Administrative equipment	3 - 8
Other property, plant and equipment	4 - 8

Gains or losses arising from the disposal or disposal of property, plant and equipment are determined by the difference between the amount received and the carrying amount of the asset, and are recognised in the income statement in the period in which the disposal or disposal occurs.

#### 3.2. Leases

Lease agreements are classified as financial leases if, through them, all the risks and advantages inherent to the possession of the corresponding assets are substantially transferred to the lessee. The remaining leases are classified as operating leases. Leases are classified according to the substance and not the form of the contract.

Assets acquired under leasing contracts, as well as related liabilities, are recorded at the beginning of the lease by the lesser of the fair value of the assets and the present value of the minimum lease payments. Rents include financial expenses and capital amortization, and

financial expenses are imputed according to a constant periodic interest rate on the remaining balance of the liability.

In leases considered to be operating, the rents due are recognized as expenses on a straight-line basis during the lease period.

### 3.3. Financial investments

Subsidiary companies are all entities over which the Company has the power to decide on financial and operational policies, usually represented by more than half of the voting rights. Associated companies are entities over which the Company exercises significant influence but has no control, usually with holdings of between 20% and 50% of the voting rights. A joint venture is an economic activity undertaken by two or more partners that is subject to their joint control by means of a contractual agreement.

Investments in subsidiaries, associates and joint ventures are recorded using the equity method. According to this method, financial holdings are initially recorded at their acquisition cost and then adjusted according to the changes in the Company's share of the net assets of those entities, after the acquisition, less any impairment. The Company's results include its share of the results of those entities.

Financial investments in foreign entities are converted into Euros using the exchange rates in force at the balance sheet date, and the Company's share of the results of these entities is calculated based on the average exchange rate in the period. The exchange rate difference resulting from the translation of the financial statements of foreign entities is recorded in equity under the heading "Adjustments to financial assets" and is recognised in profit or loss at the time the foreign entity is sold or the investment is otherwise transferred. The exchange rates against the Euro used in the conversion of the financial statements of the main foreign operations (held directly or indirectly by PHAROL) are as follows:

Final			
Currency		2024	2023
Real		6,4253	5,3618
USD		1,0389	1,1050

Financial investments are valued whenever there are indications that the asset may be impaired, and impairment losses that are shown to exist are recorded as expenses in the income statement.

Gains obtained in transactions with subsidiaries, associates and joint ventures related to assets held by them are eliminated in proportion to the Company's interest in them, against the corresponding investment item, within the scope of the application of the equity method.

Capital gains arising from the sale of companies made within the Group are deferred or cancelled until the moment of their sale to third parties. If capital gains have been deferred, their recognition in profit or loss is recorded under the heading "Gains/(losses) in investee

companies", in proportion to which the *goodwill* or assets and liabilities identified in the purchase price allocation process are recognised in profit or loss by the acquiring company.

Ancillary benefits and financing loans granted to subsidiaries, affiliates and joint ventures are recorded at nominal value, less by adjustments for estimated losses, when losses in value of those loans are anticipated.

### **3.4. Accrual and recognition of expenses**

The Company records its income and expenses in accordance with the accrual accounting regime, whereby income and expenses are recognized as they are generated or incurred, regardless of when they are received or paid, respectively.

With regard to the recognition of tax expenses on the acquisition of external services (e.g. non-deductible value added tax), the amounts are classified as indirect taxes.

### **3.5. Income tax**

Income tax corresponds to the sum of current tax and deferred tax, which are recorded in profit or loss except when they relate to items recorded directly in equity, in which case they are also recorded in equity.

The income tax estimate is made based on the estimate of the taxable income for corporate income tax, based on the tax rate applicable in Portugal, plus the municipal and/or state surcharge depending on the tax profit calculated (Note 9).

The income tax for the year recorded in the financial statements is calculated in accordance with the recommendations of the "*NCRF 25 Income Taxes*". In the measurement of the expense related to income tax for the year, in addition to the current tax determined on the basis of the pre-tax result adjusted in accordance with the tax legislation, the effects resulting from the temporary differences between the pre-tax result and the taxable income originated in the year or in previous years are also considered.

Deferred taxes refer to the temporary differences between the amounts of assets and liabilities for accounting carry-forward purposes and their amounts for taxation purposes. Deferred tax assets and liabilities are calculated and valued annually using the tax rates that are expected to be in effect at the date of the reversal of the temporary differences.

Deferred tax assets are recorded only when there are reasonable expectations of sufficient future tax profits to use them. At the balance sheet date, a review of the temporary differences underlying the deferred tax assets is carried out in order to recognise previously unrecorded deferred tax assets and/or to reduce the amount of deferred tax assets that are recognised in line with the current expectation of their future recovery.

### **3.6. Accounts Receivable**

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective rate method, less impairment losses.

Impairments for doubtful debts are calculated based on the assessment of the estimated risks arising from the non-collection of accounts receivable and are recognized in the income statement.

### **3.7. Provisions and contingent liabilities**

Provisions are recognised by the Company when there is a present obligation resulting from past events, provided that it is probable that there will be an expenditure of internal resources for the settlement of that obligation and the amount of such an obligation is reasonably estimated. Where any of these conditions are not met, the Company will disclose the events as contingent liabilities, unless the probability of an outflow of funds is remote.

Provisions are recognised at an amount corresponding to the present value of the best estimate, at the reporting date, of the resources required to settle the obligation. Such an estimate is determined considering the risks and uncertainties associated with the obligation. Provisions are reviewed at the end of each financial year and adjusted to reflect the best estimate at that date.

### **3.8. Loan obtained**

Loans obtained are initially recognised at fair value, net of transaction costs incurred, and subsequently presented at amortised cost, using the effective rate method.

### **3.9. Own shares**

Own shares are accounted for at their acquisition value as a reduction in equity under the heading "Own shares", and the gains or losses inherent to their disposal are recorded under "Retained earnings".

### **3.10. Balance Sheet Classification**

Realizable assets and liabilities due for more than one year from the balance sheet date are classified as assets and non-current liabilities, respectively, at their present value.

### **3.11. Foreign currency transactions and balances**

Transactions in foreign currency (other than the Company's functional currency, the "Euro") are recorded at the exchange rates in force on the date of the transactions. Assets and liabilities denominated in foreign currency for which there is no exchange agreement are converted into Euros using the exchange rates prevailing on the balance sheet date. Exchange rate differences, favourable or unfavourable, caused by differences between the exchange rates in force on the date of the operations and those in force on the date of collections, payments or on the balance sheet date, are recorded as income and expenses in the income statement.

On 31 December 2024 and 2023, the assets and liabilities denominated in foreign currency were converted into Euros on the basis of the following exchange rates against the Euro, as published by Banco de Portugal:

Final		
Currency	2024	2023
Real	6,4253	5,3618
USD	1,0389	1,1050

Medium		
Currency	2024	2023
Real	6,3843	5,401
USD	1,0821	1,0813

### 3.12. Financial assets and liabilities

Financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to the corresponding contractual provisions, and are classified into the following categories: (a) at cost or amortized cost; and (b) at fair value, with the corresponding changes recognized in the income statement.

#### (a) Financial assets and liabilities at cost or amortized cost

Financial assets and liabilities that have the following characteristics are classified in the category "at cost or amortized cost": (a) they are cash or have a defined maturity; (b) have associated a fixed or determinable return; and (c) are not or do not incorporate a derivative financial instrument.

The financial assets and liabilities considered in this category are measured at amortized cost less accumulated impairment losses (in the case of financial assets) and correspond essentially to the following items of assets and liabilities on the Company's balance sheet:

- Financing obtained
- Other Accounts Receivable and Payable
- Other financial assets and liabilities
- Cash and cash equivalents
- Creditors by accrual
- Suppliers

The amortised cost is determined using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future payments or receipts during the term of the financial instrument from the net carrying amount of the financial asset or liability.

#### Financial assets and liabilities at fair value

All financial assets and liabilities not included in the "at cost or amortized cost" category are classified in the "at fair value" category. These financial assets and liabilities correspond mainly to derivative financial instruments. Changes in the fair value of these derivatives are recognised in equity or profit or loss, depending respectively on whether or not those derivatives meet the hedging criteria. Changes in fair value recognised in profit or loss are recorded under the heading "Increases/(decreases) in fair value" (Note 17). We include in this



category the portfolio of investments in bonds and shares measured at fair value with the changes recognized in results.

**(b) Impairment of financial assets**

Financial assets classified in the category "at cost or amortised cost" are subject to impairment tests at the end of each financial year. Such financial assets are impaired when there is objective evidence that, as a result of one or more events occurring after their initial recognition, their estimated future cash flows will be affected.

For financial assets measured at amortised cost, the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated new estimated cash flows discounted at their original effective interest rate. For financial assets measured at cost, the impairment loss is the difference between the carrying amount of the asset and the best estimate of the asset's fair value.

Subsequently, if a decrease in impairment loss occurs as a result of an event that occurred after the initial recognition of the loss, the impairment shall be reversed by profit or loss. The reversal is carried out up to the limit of the amount that would have been recognised (at amortised cost) if the loss had not been initially recorded.

**(c) Derecognition of financial assets and liabilities**

The Company derecognizes financial assets only when its contractual rights to the cash flows from those assets expire, or when it transfers to another entity the financial assets and all significant risks and rewards associated with owning them. The Company derecognizes financial liabilities only when the corresponding obligation is settled, cancelled or expires.

**3.13. Key Accounting Estimates and Judgments**

In preparing the financial statements in accordance with the NCRF, the Company's Board of Directors uses estimates and assumptions that affect the implementation of the policies and the amounts reported. Estimates and judgments are continually evaluated and are based on experience of past events and other factors, including expectations regarding future events that are considered likely in the circumstances on which the estimates are based or the result of information or experience gained. The most significant accounting estimates reflected in the financial statements are as follows:

- a) **Valuation of the investment in Oi** – On May 5, 2014, the Company valued the new stake in Oi, acquired following the business combination carried out at that time with Oi, based on the price of Oi's shares in the capital increase carried out on this date, having, as of this date, appropriated its share in Oi's results through the application of the equity method. In addition, as of September 8, 2014, the portion of the investment in Oi to be delivered under the Exchange Agreement was classified as non-current assets held for sale and measured at fair value from that date, until the execution of the exchange on March 30, 2015. Until December 2017, this investment was valued by the equity method. From that date and in particular on 31

December 2024 and 2023, the valuation of the investment held in Oi was based on its market value, in particular the stock market price, given that PHAROL lost the significant influence it held.

- b) Valuation of the Rio Forte instrument** – On March 30, 2015, the Rio Forte instruments were obtained following the execution of the swap related to Oi shares. On that date, after consulting with the market, the Company valued the instrument at 15% of its notional value. This appreciation was revised on September 30, 2016, with a reduction in the notional value to 9.56% and on December 31, 2017 and 2019, to 8.32% and 7.02% respectively. On December 31, 2020, there was a new downward revision of the recovery of the nominal value to 5.79%, which is equivalent to a reduction of 11.1 million Euros to the amount of 51.9 million Euros. On 31 December 2024 and 2023, this value remained the same (see Note 7).
- c) Recognition of provisions and adjustments** – PHAROL SGPS is a party to several ongoing legal proceedings for which, based on the opinion of its lawyers, it has made a judgment to determine the recognition of any provision to address these contingencies. Adjustments for accounts receivable are calculated primarily on the basis of the age of the accounts receivable, the risk profile of the customers and their financial condition.
- d) Valuation of the investment portfolio** – PHAROL subscribed two investment portfolios in financial assets in August 2022 and two more in August 2023, composed mainly of asset groups of Bonds and Shares of listed companies. The portfolios are managed by a banking entity that has the discretionary power to buy and sell the assets that comprise it, with which a contract has been signed that presupposes the maintenance of these portfolios for a period of more than one year. These financial assets are part of a portfolio of identified financial instruments for which there is evidence of a recent pattern of profit-taking in the short and medium term. At the time of initial recognition, they are recorded at acquisition cost and subsequently at fair value, with changes in fair value recognised in profit or loss. As of December 31, 2024, the valuation of this portfolio is 26.9 million Euros, having led to a positive variation of approximately 1.2 million Euros recognized in the profit and loss account (see Note 7).

The estimates were determined on the basis of the best information available at the time of preparation of the financial statements, however, situations may occur in subsequent periods that, although not foreseeable at the time, were not considered in these estimates. As set forth in "*NCRF 4 Accounting Policies, Changes in Accounting Estimates and Errors*" ("*NCRF 4*"), changes to these estimates, which occur after the date of the financial statements, are corrected in profit or loss on a forward-looking basis.

### **3.14. Events occurred after balance sheet date**

Events that occur after the balance sheet date and provide additional information about conditions that existed at the balance sheet date are reflected in the financial statements.

Events after the balance sheet date that provide information about conditions that occur after the balance sheet date are not reflected in the financial statements and are only disclosed if they are considered materially material.

#### 4. Cash Flows

Cash and cash equivalents in the statement of cash flows includes cash and bank deposits that can be immediately withdrawn.

The Company is subject to a liquidity risk if funding sources, such as cash equivalents, operating cash flows and cash flows from divestment and financing operations, do not meet existing needs, such as cash outflows related to operating activities, investments, shareholder remuneration and debt repayment. The Company understands that it has the capacity to meet its obligations.

The cash flow statement was prepared in accordance with "NCRF 2 - Statement of Cash Flows", with the following aspects to be highlighted.

##### (a) Receipt from Financial Investments

In 2024 and 2023, the receipts from financial investments refer to capital reductions of PHAROL's direct subsidiary, Bratel BV.

##### (b) Cash and cash equivalents

On 31 December 2024 and 2023, that item was composed as follows:

	Euros	
	2024	2023
Cash	4.606	3.982
Bank deposits immediately withdrawable	13.707.074	17.031.757
Treasury Fund	2.061.648	-
	<b>15.773.328</b>	<b>17.035.740</b>

(i) As of December 31, 2024, this fund refers to an investment of 2.06 million Euros in a money market fund with variable net value (Short-term VNAV) and liquidity of 1 day, in accordance with the treasury policies defined by the company.

#### 5. Policy changes and accounting estimates and errors

No new or revised standards or interpretations were adopted during the financial year 2024, there were no voluntary changes to other accounting policies and no changes to accounting estimates.

In the 2024 financial year, the Company did not adjust its financial statements for any corrections of material errors from previous years.

#### 6. Equity Investments

## Equity method

During the 2024 and 2023 financial years, the movements that occurred under this heading were as follows:

Euros			
2024			
Equity shares in subsidiary companies			
	Oi Shares (Fair Value)	Equity (net of investment in Oi)	Total
Opening balance	130.863	193.195	324.056
Net Income Subsidiaries	-	26.421	26.421
Reductions/Increases	(63.740)	(44.001)	(107.741)
Sale of participation	(54.316)	-	(54.316)
<b>Closing balance</b>	<b>12.807</b>	<b>175.615</b>	<b>188.421</b>

Euros			
2023			
Equity shares in subsidiary companies			
	Oi Shares (Fair Value)	Equity (net of investment in Oi)	Total
Opening balance	3.954.140	2.206.753	6.160.893
Net Income Subsidiaries	-	(163.104)	(163.104)
Reductions/Increases	(623.733)	-	(623.733)
Sale of participation	(3.199.545)	-	(3.199.545)
Amendments C. Own	-	(1.850.454)	(1.850.454)
<b>Closing balance</b>	<b>130.863</b>	<b>193.195</b>	<b>324.056</b>

In the fiscal years 2024 and 2023, the movements that occurred in shares of capital in subsidiary and associated companies are due to the application of the equity method of subsidiaries, and result essentially from the reduction of the indirect interest in Oi's capital, as referred to in notes 1. e), 2. and 3.13a).

## 7. Other financial investments

As of December 31, 2024, this item essentially includes: 1) an estimate of future recovery of approximately 51.9 million Euros related to the debt instruments issued by Rio Forte, and 2) portfolios of financial investments in assets in the amount of approximately 27 million Euros.

### 1) Rio Forte

With regard to the debt instruments issued by Rio Forte, after becoming aware of the Report of the Judicial Administrators in the insolvency proceedings of Rio Forte (Rapport n°4 des Curateurs), dated August 31, 2016, available in [www.espiritossantoinvolucencies.lu](http://www.espiritossantoinvolucencies.lu), PHAROL

initiated steps to ascertain the financial, accounting and legal implications of what is contained in point 2.1.6 thereof, which is transcribed in free translation:

*"Predictable recovery*

*The information currently available to Judicial Administrators does not allow an estimate to be made of either the total recovery or the recovery to be carried out by the company in bankruptcy proceedings.*

*It cannot be ruled out that judicial attachment and the possible rights of third parties involved may prevent the bankruptcy estate from recovering and distributing certain assets for a long time, or even definitively. In fact, it is not excluded that the judicial authorities aim to confiscate the assets now seized."*

PHAROL's Management, after due diligence and supported by the analysis of its advisors, concluded, on that date, based on a principle of prudence, that the expected values of recovery of the assets by the insolvent estate and, consequently, by PHAROL from Rio Forte had been reduced. PHAROL's investment in Rio Forte's securities was initially valued at fair value at the time of its initial recognition on March 30, 2015, and was subsequently measured at amortized cost less any impairment losses. Based on the basic principles set out in IAS 39 (currently IFRS 9) and the available information, the Board of Directors used its judgment in the definition of assumptions that culminated in an appreciation of the credit on Rio Forte by 85.7 million Euros on December 31, 2016. This reflected an appreciation of around 9.5% of the nominal value, against approximately 15% of the nominal value on 31 December 2015, which determined the recording of an impairment in the amount of 48.8 million Euros.

Additionally, in December 2017, after the update of the amount of credit claims considered in the last report of the Judicial Administrators revealed to be a higher value than previously considered, the debt recovery valuation was revised downwards again, having been recorded at 8.32% recovery, which is equivalent to a reduction of 11.1 million Euros to the amount of 74.6 million Euros. On December 31, 2018, the debt recovery value remained at 8.32%.

In April 2019 and 5 years after the filing of the credit complaint against Rio Forte, a new report by the Judicial Administrators was released on April 30, which essentially pointed to: 1) postponement of the results of the conclusion of the administrative analysis of the debt statements; and 2) downward revision of the value of Rio Forte's assets in Latin America. Thus, and based on these new factors, the debt recovery valuation was, once again, revised downwards, having fallen by 7.19% of recovery of the nominal value, which is equivalent to a reduction of 10.1 million Euros to the amount of 64.5 million Euros. Also in the 2019 financial year and after the analysis of the last report issued by the Judicial Administrators, with effect from 31 December 2019, that value was, once again, revised downwards, and the recovery of the nominal value was set at 7.02%, which is equivalent to an additional reduction of 1.5 million Euros for a total recovery amount of 63 million Euros. On December 31, 2020, a new downward revision of the recovery of the nominal value to 5.79% was carried out, essentially

justified by the depreciation of the assets held by Rio Forte in Latin America, which is equivalent to a reduction of 11.1 million Euros to the amount of 51.9 million Euros.

On 16 November 2023, Rio Forte's trustees decided that Rio Forte Investments' insolvency claim filed by PHAROL would be submitted, as a measure of prudence, to the Luxembourg Court for a decision on its admission to the insolvency liability, because, to use the words of the trustees, PHAROL's claim does not appear to fully comply with all legal requirements.

In February 2024, and in order to prevent the possibility of the Court recognising the validity of HALOROL's claim against Rio Forte, the latter's trustees requested, in the alternative, that a repayment in April 2014 of € 199,631,000.00 of commercial paper subscribed directly by PHAROL in February 2014 be considered null and void because it had been carried out during the suspicious period. For procedural reasons and also because they once again do not present any substantial evidence, our Lawyers are of the opinion that this assignment is unfounded.

On December 8, 2024, and after hearings held in October 2024, PHAROL was notified of the decision of the Luxembourg Commercial Court that partially recognized the claim of €147,000,000 on the insolvent estate of Rioforte, S.A., plus interest until the date of the insolvency proceedings. The decision on the remaining €750,000,000 has been suspended pending the resolution of a case related to the cancellation of a payment alleged by Espírito Santo Internacional, S.A. PHAROL reaffirms that it is not a debtor of ESI, maintaining the grounds for the remaining claim.

On December 30, 2024, considering the maintenance of the main valuation factors of Rio Forte's Assets and there being no evolution in the amount of debts claimed, the expected value of recovery of Rio Forte's nominal debt remained unchanged at 5.79%, equivalent to 51.9 million Euros.

Additionally, in order to compensate for the losses resulting from the insufficiency of assets in Rio Forte's bankruptcy estate to fully satisfy PHAROL's credit, according to the decision of the General Shareholders' Meeting in 2015, several actions were taken that we detail below.

#### **Actions against Former Directors**

Proposed Liability action against former directors, requesting that the Defendants be jointly and severally ordered to pay compensation corresponding to the difference between €897 million, the amount of the investment in Rio Forte's commercial paper instruments decided by them, and the amount that may be received in the context of the insolvency proceedings and other damages that may be ascertained. The Defendants presented their defences and requested the main intervention brought by several third parties, including the Insurance Company. The Defendants invoked the existence of a preliminary ruling and requested the stay of the proceedings. The Court, on 18.01.2018, ordered the suspension of the proceedings until the action for annulment of corporate resolutions before the Lisbon Commercial Court is decided. This action, however, was definitively dismissed, so PHAROL, on 27.06.2019,

requested the court to declare the cessation of the stay of the proceedings. This order has not yet been decided, so the action remains suspended.

In mid-2020, the Court ordered the inclusion of a certificate of the judgment rendered in the preliminary ruling action to the case file, which happened, but did not issue any new order. There was no evolution in 2021 or 2022. As a result, the acceleration of the procedure was requested under the terms of the Law, as soon as the Courts opened on September 1, 2023.

In February 2024, the Plaintiff insisted on the termination of the suspension, which happened. The court, in May, ordered the attachment of translations by the Defendants (in the meantime joined) and heard the requests for intervention of third parties, in the following terms:

1. It did not admit Deloitte's intervention;
2. It did not admit the intervention of the members of the Audit Committee;
3. It admitted the intervention of the insurance companies;
4. It invited Amílcar Morais Pires to clarify the facts that support the request for intervention of some of the plaintiff's directors, the directors of Portugal Telecom International Finance B.V. and PT Portugal, SGPS, S.A.. This clarification was provided at the end of May, but the court has not yet decided.

The Defendants appealed against the decision of non-intervention of the members of the Audit Committee. These appeals were not admitted, so the pleadings phase is closed.

Since PHAROL is the plaintiff in the case file and no counterclaim has been filed, there is no contingency for the company with the case file.

In 2016, a new liability action was filed against the former directors, with the aim of requesting the implementation of financial reporting and internal control systems that made it possible to make increasing amounts of investments in debt instruments issued by companies of the Espírito Santo Group by these directors decided, in violation of the corporate governance rules and with the ignorance of investors and shareholders, generating high losses. In this Action, it is requested that the defendants be jointly and severally ordered to pay PHAROL compensation corresponding to €54,900,000.00, plus other damages that may be ascertained, namely in the last investments that were made with the procedures implemented by the defendants and also for reputational damages and fines and fines resulting from the lack of completeness of the financial reporting documents.

The Defendants presented their defences and requested the main intervention brought by several third parties, including the Insurance Company. The Court issued an order to stay the proceedings for a preliminary ruling – Case No. 23430/15.9T8LSB, which was heard by the Commercial Court of Lisbon – Judge 3, in which the Defendants seek the annulment of HALO's corporate resolution that determined the filing of the present action. That action, however, was definitively dismissed, with the result that the court declared the stay of proceedings to be terminated.

The Court ruled on the intervention in the action as defendants of the other members of the Audit Committee of PHAROL, which the Defendants had requested, having rejected this claim. Two of the Defendants appealed against this rejection, and PHAROL counter-claimed.

However, the court ordered PHAROL to respond in writing to the objection raised by the Defendants in the defences, which was done on 11.09.2019.

The appeal was upheld, so the other members of the Audit Committee were summoned, who filed a joint response on 2 November 2020. In the defences, the so-called requested the intervention of the insurance companies to which they transferred the civil liability arising from the acts performed in the exercise of their functions, as had been done by the initial Defendants.

On December 31, 2023, as timely reported, a decision on the intervention of the insurers was awaited.

In 2024, the Court heard requests for intervention from third parties, allowing the intervention of insurers as a main measure. The addition of translations for the citation of foreign insurance companies was ordered, and such a combination has already happened.

The summons of the insurers is awaited, and PHAROL insisted in December 2024 on this summons, and their response.

By joining this action, the seizure of the Defendants' assets was requested, which was ordered, focusing on several relevant assets of the former directors, namely Zeinal Bava and Henrique Granadeiro. Under the terms of this seizure order, a preliminary assessment of the cause of action of the action against the former directors was also carried out, which perfunctorily proves their liability. After the Defendants were summoned, oppositions to the seizure were filed and their trial was held. Sentencing is awaited. An appeal against the seizure of some assets was also filed with the Lisbon Court of Appeal, which was dismissed.

#### **Lawsuits Against Former Auditor**

In the same year of 2016, PHAROL also filed a civil liability action against Deloitte Associados and João Luís Falua da Costa da Silva for the breach of legal and contractual duties in the review of accountability documents by the Plaintiff, including the Corporate Governance Report, in the review of the internal control system, namely its operability under the terms required by Section 404 of the SARBANEX-OXLEY ACTA (SOC) and in the preparation and presentation of the respective audit memorandum and internal control memorandum.

According to the cause of action, the breach of these duties was an adequate cause for the non-disclosure in the financial statements between 2010 and 2014 of high investments in unrated commercial paper of the Espírito Santo Group over those 4 years and which violated several internal rules, namely corporate governance.

In this action, it is requested that the Defendants be jointly and severally ordered to pay PHAROL compensation corresponding to the difference between €897 million and that which it



may receive in the context of Rio Forte's insolvency proceedings and other damages that may be determined in execution of the judgment, resulting either from reputational damage or compensation, fines and fines in which the plaintiff may be convicted in proceedings of lack of legally required quality of PHAROL's financial reporting documents in the periods from 2010 to 30 June 2014.

The Defendants filed a response, and the intervention of the Insurance Company was requested, which was admitted.

PHAROL filed a supervening pleading on 13.09.2022, based on the conviction of Deloitte in an administrative offence proceeding initiated by the Portuguese Securities Market Commission, whose admission has not yet taken place.

Deloitte refused to present the working documents, alleging professional secrecy. The court found him right. PHAROL appealed against that decision, and the Court of Appeal sided with PHAROL ordering the attachment of the documents in 2023. Deloitte has appealed to the Superior Court of Justice, which is pending.

The Expertise is already underway and will not be completed by the end of 2024.

#### **BES and Banco de Portugal cases**

In 2017, PHAROL also became an assistant in the Universo BES Case, a status that was recognized by the Court. Subsequently, when charges were brought, PHAROL filed a civil claim for compensation for all the losses caused by the fraud practiced by some of the defendants therein, for subscription by PHAROL in February 2014 of Commercial Paper issued by Rio Forte in the amount of 897 million Euros. As is public, several of the defendants requested the opening of an investigation. The trial has already begun, and the Court understood that civil claims should be brought in civil proceedings so as not to delay the progress of the criminal proceedings, given the existence of hundreds of civil claims.

In 2016, PHAROL filed an administrative action against Banco de Portugal, based on the challenge of the "Contingencies" and "Perimeter" Resolutions taken by Banco de Portugal on 29.12.2015, which determine that the contingent or unknown liabilities of BES, vis-à-vis third parties, with reference to 03.08.2014, were not transferred to Novo Banco or, having been, were retransferred back to BES with retroactive effect to that date. Without any significant progress in recent years, recently, this case was included in a special procedure for the acceleration of processes. According to this mechanism, 5 pilot processes (similar to each other) were designated and the suspension of the other similar processes was determined until the delivery of a final decision in the pilot processes. Once issued, the decision in the pilot cases will serve as the basis for the others. The exclusion of PHAROL's file has been requested and an order on this request is awaited. If the application is granted, PHAROL's process will continue its normal course without any suspension until the final decision is issued.

Also in 2016, a claim was filed in the insolvency proceedings of BES in the amount of € 897 million, corresponding to the amount invested by PT SGPS in Rioforte's commercial paper,

based on BES's liability as a financial intermediary. As this claim was not recognized in the list of creditors by the Liquidation Commission, an objection was filed, which received a new unfavorable response from that Commission and a consequent reply by PHAROL. A decision on the challenge presented is awaited.

### **ESI Process**

Finally, still related to the Rio Forte case, in December 2017, PHAROL became aware of a statement from the Trustees of Espírito Santo International, S.A., ("ESI"), in which they declare that this bankrupt company will evaluate the possibility of suing PHAROL in court, requesting that it be ordered to reimburse 750 million Euros, without specifying the grounds for that request. On January 28, 2019, as a protective measure to interrupt any limitation period, PHAROL was also summoned for proceedings before the Court of Luxembourg by the *Ad-hoc* Curator of ESI – Espírito Santo International, with the claim that it had received undue payments from ESI in the amount of seven hundred and fifty million Euros, claiming, in summary, that (a) the payment should have been made in cash or by means of "effets de commerce" and not by bank transfers, (b) the payment was abnormal because ESI did not have the necessary funds, (c) PHAROL was aware of ESI's state of insolvency and (d) the payment was part of a fraudulent scheme. Subsequently, PHAROL's Luxembourg lawyers, Schiltz & Schiltz, submitted a preliminary opinion that ESI's claims should be completely dismissed, both in fact and in law.

After analyzing the above-mentioned summons and in conclusion, PHAROL and its Lawyers consider the probability of any conviction under the terms subpoenaed to be very remote, based on the alleged facts, and the process, to date, has not had any relevant development. Therefore, PHAROL, in its financial statements, did not constitute any provision in relation to this case.

### 2) **Investment Portfolios**

PHAROL subscribed to two investment portfolios in financial assets in August 2022 and two more in August 2023, composed mainly of asset groups of Bonds and Shares of listed companies. PHAROL subscribed to two investment portfolios in financial assets in August 2022 and two more in August 2023, composed mainly of asset groups of Bonds and Shares of listed companies. The portfolios are managed by banking entities that have the discretionary power to buy and sell the assets that comprise it, with which a contract has been signed that presupposes the maintenance of these portfolios for a period of more than one year. These financial assets are part of a portfolio of identified financial instruments for which there is evidence of a recent pattern of profit-taking in the short and medium term. At the time of initial recognition, they are recorded at acquisition cost and subsequently at fair value, with changes in fair value recognised in profit or loss. For these assets, as of December 31, 2024, the change in the fair value of the portfolio is as follows:

Fair Portfolio Value Change		Euros
Portfolio value as of December 31, 2023		25.822.428
Portfolio value as of December 31, 2024		26.979.396
<b>Var. Fair Value – Losses or (gains) on Oct. Non-current assets</b>		<b>(1.156.968)</b>

For these assets, as of 31 December 2024 and 2023, the portfolio is composed as follows:

Portfolio Composition			Euros
	2024	2023	
<b>Asset Group</b>			
Liquidity	1.066.483	466.505	
Public debt	614.965	355.650	
Investment Grade Bonds	20.620.138	20.278.692	
High Yield Bonds and Emerging Markets	3.310.948	3.230.244	
Actions	1.366.862	1.491.337	
	<b>26.979.396</b>	<b>25.822.428</b>	
<b>Group by Geographic Allocation</b>			
Europe (ex-UK)	15.902.761	14.463.458	
USA	6.289.269	5.367.817	
Other Developed	765.446	1.308.846	
United Kingdom	1.978.934	3.090.799	
Japan	877.000	819.260	
Liquidity	1.066.483	466.505	
Others in Development	99.503	97.409	
Not Rated	0	208.334	
	<b>26.979.396</b>	<b>25.822.428</b>	
<b>Group by sector allocation</b>			
Financial	12.613.245	12.476.979	
Fund	2.027.052	2.121.467	
Cyclical consumer goods	4.284.010	4.176.044	
Non-cyclical consumption	1.876.236	1.570.499	
Industry	913.701	962.137	
Communications	760.946	950.516	
Raw materials	558.148	486.360	
Liquidity	1.066.483	466.505	
Energy	421.892	417.758	
Other	265.555	406.892	
Public debt	614.965	355.650	
Technology	99.755	97.304	
Utilities	1.477.407	1.334.317	
	<b>26.979.396</b>	<b>25.822.428</b>	

## 8. Related parts

### 8.1. Financial investments in subsidiary and associated companies

In 2024 and 2023, the financial interests in subsidiary and associated companies refer exclusively to PHAROL's direct interest in Bratel B.V..

### 8.2. Other information

During the periods ended December 31, 2024 and 2023, the fixed remuneration of directors, which were established by the Remuneration Committee, amounted to 241 thousand Euros and 332 thousand Euros, respectively. In addition to the amounts referred to above, the remuneration of Director Ana Cristina Dias paid directly to Novo Banco, a shareholder she represented until her resignation with effect from May 2023.

On 31 December 2024 and 2023, no share-based payment programme or any termination compensation programme was in place.

In the year ended December 31, 2024, the fees of the Statutory Auditor of PHAROL amounted to 38.5 thousand Euros and correspond to audit fees related to PHAROL.

For additional information related to the remuneration of the members of the Board of Directors and the managers, we refer readers to the Corporate Governance Report included in the Consolidated Accounts Report.

## **9. Income taxes**

In 2024, companies located in mainland Portugal are taxed under Corporate Income Tax at the base rate of 21.0% plus (1) a Municipal Surcharge of up to a maximum of 1.5% on the taxable income, and (2) a State Surcharge of 3.0% applicable on taxable profit between 1.5 million Euros and 7.5 million Euros, 5.0% applicable on taxable profit between 7.5 million Euros and 35 million Euros, and 9.0% applicable on taxable profit exceeding 35 million Euros, resulting in a maximum aggregate rate of approximately 31.5% for taxable profits exceeding 35 million Euros. In the calculation of taxable income, to which the aforementioned tax rate is applied, expenses and income not accepted for tax purposes are added to or deducted from the accounting results.

According to the legislation in force, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security) except when there have been tax losses, tax benefits have been granted, or inspections, complaints or challenges are in progress, in which case, depending on the circumstances, deadlines are extended or suspended.

On 31 December 2024 and 2023, this item was calculated as follows:

	Euros	
	2024	2023
<b>Income tax</b>		
Profit before tax	25.457.937	-
Effective tax rate	21%	-
<b>Profit tax at nominal rate</b>	<b>5.346.167</b>	<b>-</b>
To add	18.307.763	-
To be deducted	31.637.290	-
	<b>13.329.526</b>	<b>-</b>
Taxable Income	12.128.410	-
Accepted tax losses	9.096.307	-
Taxable amount	3.032.102	-
<b>Effective tax rate</b>	<b>21%</b>	<b>-</b>
Calculated tax	636.741	-
Autonomous taxation	20.813	24.623
Surtax	593.346	-
	<b>1.250.901</b>	<b>24.623</b>

PHAROL also has reportable tax losses from past periods in the amount of 580.3 million Euros, which it does not account for in the balance sheet due to the lack of visibility of future economic benefits sufficient for the use of reportable tax losses.

## 10. State and other public entities

On December 31, 2024 and 2023, the debit and creditor balances with the State and Other Public Entities are as follows:

	Euros	
	2024	2023
<b>Current taxes</b>		
Operations in Portugal		
Value added tax (VAT)	17.571	19.431
Corporate Income Tax	1.147.515	10.051
Personal Income Tax	12.042	18.544
Social security	12.283	77.666
	<b>1.189.412</b>	<b>125.692</b>

In 2024, the income tax amount of the current tax above reflects the tax on taxable income already deducted from tax losses carried forward in previous years and added to autonomous taxation for the year.

In 2024, the result was 24 million Euros, mainly due to the repayments of the AT. However, only a portion of these gains are taxable, which reduces the tax estimate. In addition, PHAROL used accumulated tax losses from previous years to deduct the tax due.

In 2023, having been assessed a tax loss, the income tax indicated above reflects only the autonomous taxation that is levied on expenses with light vehicles and representation expenses.

## 11. Equity

### 11.1. Share capital

On December 31, 2024, the Company's share capital was fully paid up and amounted to 26,895,375 Euros, represented by 896,512,500 ordinary shares, with a nominal value of 3 euro cents each.

### 11.2. Own shares

As of December 31, 2024 and 2023, the composition of this item is as follows:

	Euros	
	2024	2023
Shares held by PHAROL	164.809.193	164.809.193
	<b>164.809.193</b>	<b>164.809.193</b>

As of December 31, 2024 and 2023, PHAROL holds 74,689,552, corresponding to 8.33% of its share capital.

### 11.3. Legal reserves

The Company's commercial legislation and articles of association establish that at least 5% of the annual net income must be allocated to reinforce the legal reserve until it represents 20% of the share capital. This reserve is not distributable except in the event of liquidation of the company, but can be used to absorb losses, after all other reserves have been exhausted, or for incorporation into the capital.

On December 31, 2024, the legal reserve was fully constituted in accordance with the commercial legislation in force, amounting to 6,773,139 Euros.

### 11.4. Other reserves

The composition and movements that occurred under this heading during the fiscal years 2024 and 2023 are as follows:

	Euros			
	Free Bookings	Booking of own cancelled shares	Reserves-Applications in Own Shares	Total
<b>Balance as of December 31, 2022</b>	<b>71.156.201</b>	<b>6.970.320</b>	<b>164.809.194</b>	<b>242.935.715</b>
Constitution of reserve for own shares	-	-	-	-
Transfer to retained earnings	-	-	-	-
<b>Balance as of December 31, 2023</b>	<b>71.156.201</b>	<b>6.970.320</b>	<b>164.809.194</b>	<b>242.935.715</b>
Constitution of reserve for own shares	-	-	-	-
Transfer to retained earnings	-	-	-	-
<b>Balance as of December 31, 2024</b>	<b>71.156.201</b>	<b>6.970.320</b>	<b>164.809.194</b>	<b>242.935.715</b>

### 11.5. Adjustments / other changes in equity

During the fiscal years 2024 and 2023, the movements that occurred under this heading were as follows:

	Euros		
	Currency Translation Adjustments	Other changes in equity	Total
Balance as of December 31, 2022	(140.697.640)	(75.101.016)	(182.519.563)
Equity (Note 6)	118.636	(742.368)	(623.733)
Balance as of December 31, 2023	(140.579.004)	(75.843.384)	(183.143.296)
Equity (Note 6)	(15.609)	(146.103)	(161.713)
Balance as of December 31, 2024	(140.594.614)	(75.989.487)	(183.305.008)

### 11.6. Profit and loss application

In the year ended December 31, 2024, a net profit of 24,190,849 Euros was recorded, and it is proposed that they be transferred to the Company's Retained Earnings.

In the year ended December 31, 2023, a negative net result of 967,192 Euros was recorded, transferred to the Company's Retained Earnings.

## 12. Suppliers

On 31 December 2024 and 2023, this item shall be composed as follows:

	Euros	
	2024	2023
Suppliers	88.963	103.522
	<b>88.963</b>	<b>103.522</b>

## 13. Accrued expenses

On 31 December 2024 and 2023, this item shall be composed as follows:

	Euros	
	2024	2023
External supplies and services	170.249	95.239
Holiday charges, holiday allowance and other staff charges	430.505	153.892
	<b>600.753</b>	<b>249.131</b>

#### 14. Gains/(losses) in investee companies

In the financial years 2024 and 2023, this item has the following composition:

	Euros	
	2024	2023
Gains/(Losses) in investee companies	(32.313)	(163.104)
	<b>(32.313)</b>	<b>(163.104)</b>

a) See Note 6

#### 15. External supplies and services

In the financial years 2024 and 2023, this item has the following composition:

	Euros	
	2024	2023
Specialized work	740.374	577.199
Insurance	228.203	274.495
Travel and stays	26.089	18.331
Other	178.313	124.460
	<b>1.172.980</b>	<b>994.484</b>

In 2024, the increase in the provision of external services was essentially due to the increase in specialized work, an item where legal advice fees for monitoring ongoing legal proceedings take on greater weight.

Regarding the auditors' fees, Forvis Mazars - Asociados, SROC, Lda., for the work for 2024, the amount was 38,500 Euros, to which VAT at the legal rate in force is added.

#### 16. Personnel Expenses

In the financial years 2024 and 2023, this item has the following composition:

	Euros	
	2024	2023
Fixed and variable remuneration	843.177	688.830
Social charges	108.324	131.116
Other	39.529	29.162
	<b>991.030</b>	<b>849.109</b>

In 2024 and 2023, the number of employees and governing bodies was 11 and 17, respectively.

This decrease results from the change in the composition of the Board of Directors, which in March went from 6 to 3 members and the departure of the 3 members of the Remuneration Committee, which was revoked.

In June 2024, some of the members of the governing bodies resumed their salaries in full.



## 17. Fair value increases/(decreases)

This item refers to the change in the fair value of the Debt Instruments issued by Rio Forte and the investment portfolio started in August 2022 in the amount of €10 million, with an increase of €15 million in 2023, and presents the following composition in the financial years 2024 and 2023:

	Euros	
	2024	2023
Fair value increases/(decreases)	1.264.513	1.132.854
	<b>1.264.513</b>	<b>1.132.854</b>

On December 31, 2024 and 2023, the investment portfolios in Portugal increased by €1.3 million and €1.1 million, respectively (Note 7).

Regarding Rio Forte's Debt Instruments and considering the maintenance of the main valuation factors of its Assets, and with no evolution in the amount of debts claimed, the expected value of recovery of Rio Forte's nominal debt in December 2024 remained unchanged at 5.79%, equivalent to 51.9 million Euros.

## 18. Net income per share

Net income per share in fiscal years 2024 and 2023 was calculated as follows:

	Euros	
	2024	2023
Result of continuing operations	24.207.036	(967.191)
<b>Diluted net result</b>	<b>24.207.036</b>	<b>(967.191)</b>
<b>Average number of common shares outstanding in the period</b>	<b>821.756.654</b>	<b>821.756.654</b>
Basic and diluted net income per share	0,03	(0,00)

## 19. Other Debts Payable and Guarantees

PHAROL, after having been the dominant company of the consolidated tax of the PT Group, currently has a series of tax assessments from the years prior to 2014 still in litigation. In May 2014, and in view of the business combination agreement entered into between PHAROL and Oi S.A., all the responsibilities inherent to these tax assessments became the responsibility of Oi, and PHAROL was jointly and severally liable.

Thus, PHAROL currently has active counter-guarantees to face the risks of unfavorable court decisions, namely, Bank Guarantees and Oi's Guarantees.

In December 2024, PHAROL and Oi signed an agreement to redefine and clarify the tax liabilities pending since the merger of PT Portugal with Oi in 2014, adjusting the treatment of refunds received from the Tax Authority. PHAROL, initially responsible for tax proceedings,

recorded the reimbursements in liabilities as balances to be clarified, totaling €26.2M. With the revision of the contractual framework, it was agreed that PHAROL will receive all the amounts of payments made before May 2014, discounting €22M of costs incurred on behalf of Oi.

Additionally, on December 31, 2024 and 2023, the amount of Bank Guarantees is as follows:

	Euros	
	2024	2023
Bank guarantees and other guarantees provided in favour of tax authorities and other public bodies	84.617.476	84.617.476
	<b>84.617.476</b>	<b>84.617.476</b>

The bank guarantees and other guarantees submitted in favour of the tax authorities included 85 million of Euros as of 31 December 2024 and 2023, related to tax assessments received by PHAROL. The Company challenged these assessments in court and, in accordance with Portuguese law, provided a guarantee, after the initiation of enforcement proceedings since, in the absence of a guarantee or payment of the contested tax, it would continue until the seizure of assets sufficient to satisfy the tax paid. Portuguese law, while always allowing the challenge of taxes paid by the tax authorities of its own motion, only suspends the enforcement process if there is payment of the tax or provision of a guarantee. The provision of security thus avoids the payment of tax before the decision on the challenge or the seizure of assets in enforcement proceedings.

Part of the guarantees previously provided were cancelled due to the slowness and expiry of the processes. Notwithstanding the expiry and consequent cancellation of part of the Guarantees, most of the tax proceedings remain ongoing, and Oi remains responsible for them, and the total amount may amount to up to 147 million Euros. However, any unfavorable decisions will be absorbed by the amounts of tax losses calculated in the years 2011, 2012 and 2013 and which were not used until 2018, in an amount that is estimated to be up to 4.08 million Euros, thus having the potential to reduce the processes to 142.9 million Euros. Also within the scope of the agreements signed, Oi is also obliged to replace the bank guarantees provided by PHAROL to the Tax Authority with guarantees provided by Oi. In cases where this replacement was not possible, Oi undertook to provide equivalent guarantees in favor of PHAROL.

As such, on December 31, 2024, a pledge agreement consisting of 64,401,909 common shares issued by Oi is in force (worth 1.3 million Euros on December 31, 2024), and a deposit in a guarantee account in the amount of 7,861,752.30 Euros, intended to guarantee PHAROL in the event of a possible conviction in tax contingencies under Oi's responsibility. If this amount is fully used in tax contingencies, Oi S.A. undertakes to reinforce the counter-guarantees in force.

Between 2023 and 2024, PHAROL was notified by the Tax Authority of Settlement Notes and Statement of Settlement of Accounts, relating to the fiscal years 2005, 2006, 2007, 2008, and

2012 in execution of a decision rendered in a judicial challenge process, with a result mostly favorable to PHAROL's claim. Thus, the value of potential tax contingencies for PHAROL is currently up to 147 million Euros (159 million Euros in 2023). Of these, the cases with a possible or probable risk of loss for PHAROL amount to a net amount of around 17 million Euros, from which the amount of 10.6 million Euros of corrections favorable to the company must be deducted, according to the estimate of the tax advisors.

## 20. Shareholders with qualifying holdings

The Company believes that it is relevant to disclose the outstanding balances and transactions carried out with its main shareholders, namely those with a qualified holding above 2% in PHAROL's share capital, and with all entities reported by these shareholders as part of the respective economic groups.

The table below presents the transactions that took place during the periods ended December 31, 2024 and 2023 between PHAROL and these entities identified as shareholders with qualified holdings and their respective economic groups:

	2024		Euros 2023	
	Costs and losses	Net interest earned	Costs and losses	Net interest earned
<b>Shareholder</b>				
Novo Banco*	N/A	N/A	488	24.375
	-	-	<b>488</b>	<b>24.375</b>

(\*) Novo Banco ceased to be a shareholder with a qualifying holding in April 2023.

The payment of remuneration to the Director Ana Cristina Ferreira Dias, appointed by Novo Banco, S.A., to hold the position in her own name, who presented her termination with effect from 31 May 2023, was made directly to Novo Banco and, in 2023, the amount paid was 11,666.65 Euros plus VAT.

In addition, and as communicated to the Market, the Announcements on the Agreement Entered into with Oi in 2024 are reproduced:

### Dec 10, 2024 | Agreement signed with Oi

Under the special tax regime applicable to the regimes of groups by companies (RETGS), PT SGPS, currently PHAROL, maintained on 5 May 2014 - the date on which PT PORTUGAL, SGPS, S.A was incorporated into Oi, S.A. - thirteen pending tax proceedings, in which, as the dominant company of the PT PORTUGAL SGPS Group, until then in the Fiscal consolidation regime, he is still today the first responsible. To date, seven of those tax cases remain open. The responsibilities for these tax processes are regulated in a Contingency Letter signed by Oi.

Following a principle of prudence, PHAROL recorded all the refunds received from the Tax Authority in the context of these processes, in a liability account as amounts received in order to clarify that it amounted to the net amount of €26.2M.

After an exhaustive analysis of the nature of the refunds and the closure of some of the larger tax proceedings (from 2005 to 2008 and 2012), PHAROL SGPS SA and Oi SA reviewed some aspects of the contractual framework in force between them in the chapter on responsibilities in tax proceedings. The agreement signed, which PHAROL considers very positive for both parties, was approved by the Boards of Directors of both companies.

Thus, since almost all payments to the tax authorities were made by PHAROL SGPS S.A. on dates prior to 5 May 2014, the refunds of any amounts previously paid by it were recorded in its favour, already net of an amount of Eur. 22M arising from costs assumed by PHAROL on behalf of Oi referring essentially to (1) costs incurred, to date, in legal advice and guarantee commissions, (2) and advance on account of taxes payable.

In addition, and as a result of the conclusions of the analysis carried out of the active tax proceedings, as well as the outcome of the proceedings already closed, PHAROL and Oi agreed to revise downwards the amount of the currently *existing escrow account* balance with a decrease of Eur. 15M.

As a result, the above-mentioned liability, resulting from amounts received from the Tax Authority, was cancelled.

#### **Dec 13, 2024 | Addendum on the Agreement entered into with Oi**

Following the notice to the market on December 10th, PHAROL clarified the following:

- the cancellation of the Liabilities of Eur. 26.2M had a positive impact on results in the tax item for refunds received from the Tax Authority and consequently on the Company's net worth of the same amount;
- the amount of Eur. 26.2M of refunds from the Authority is already net of the amount of Eur. 22M of costs incurred in the past related to tax contingencies, so the amount of Eur. 22M had no impact on the Financial Statements;
- the reduction in the amount of Eur. 15M in the Escrow account referred to a decrease in the escrow account previously deposited by Oi to deal with the value of possible tax contingencies, which to date has been revised downwards. This also had no impact on PHAROL's Financial Statements;
- it was also clarified that potential future refunds from the Tax Authority of taxes previously paid by PHAROL belong to PHAROL. However, this fact also had no impact on PHAROL's current Financial Statements because there is no forecast of future occurrence.

## **21. Events occurred after the balance sheet date**

Nothing to record.

### 03. QUALIFYING HOLDINGS

As of December 31, 2024, the interests of qualified shareholders represented 19.56% of PHAROL's share capital, as follows:

DATE OF REPORTING	SHAREHOLDERS	No. OF SHARES	% OF CAPITAL	% VOTING RIGHTS
31/05/2012	Oi S.A. *	89.651.205	10,00%	10,00%
* Oi incorporated Telemar S.A. on May 3, 2021.				
Total attributable		89.651.205	10,00%	10,00%
20/04/2023	Burlington Loan Management DAC	85.665.125	9,56%	9,56%
Total attributable		85.665.125	9,56%	9,56%

## 04. INFORMATION TO BE PROVIDED UNDER ARTICLE 447 OF THE COMMERCIAL COMPANIES CODE

**1. Number of shares and bonds issued by PHAROL and by companies with which it is in a control or group relationship held by the members of PHAROL's management and supervisory bodies, as of 31 December 2024:**

### Board of Directors

- Luís Maria Viana Palha da Silva is the holder of 200,000 shares in PHAROL. He was appointed director of PHAROL on May 29, 2015.
- Diogo Filipe Gil Castanheira Pereira is not the holder of any securities of PHAROL or other companies that are in a control or group relationship with it. He was appointed director of PHAROL on November 16, 2023. He is a representative of Burlington Loan Management DAC.
- Rafaela Andrade Reis Figueira is not the holder of any securities of PHAROL or of other companies that are in a control or group relationship with her. She was appointed director of PHAROL on March 22, 2024.

### Fiscal Council

The members of the Fiscal Council, identified below, do not hold shares in PHAROL.

- José Eduardo Fragoso Tavares de Bettencourt
- Isabel Maria Beja Gonçalves Novo
- João Manuel Pisco de Castro
- Francisco José Porfírio Vieira

### Managing Director

The Managing Director, Luís Maria Viana Palha da Silva, is also a member of the Board of Directors.

### Chartered Accountant

- MAZARS & ASSOCIADOS, Sociedade de Revisores Oficiais de Contas, SA, represented by Luis Filipe Soares Gaspar, who personally holds 145 shares in PHAROL.
- Paulo Jorge Damião Pereira

**2. Transactions on shares and bonds issued by PHAROL, or by companies that are in a control or group relationship with it, carried out by the members of PHAROL's management and supervisory bodies:**

Not applicable.

# **PHAROL, SGPS S.A.**



**REPORT AND OPINION OF THE FISCAL COUNCIL**



## **REPORT AND OPINION OF THE FISCAL COUNCIL**

**PHAROL, SGPS S.A.**

**Fiscal Year 2024  
(individual accounts)**

Dear Shareholders of  
PHAROL, SGPS S.A.

In compliance with the provisions of paragraph g) of number 1 of article 420 of the Commercial Companies Code, it is incumbent upon us, as members of the Fiscal Council of "PHAROL, SGPS S.A." (hereinafter "PHAROL"), issue the annual report on our supervisory action as well as give an opinion on the management report, the individual financial statements and the proposal for the application of profits presented by the Board of Directors for the year ended December 31, 2024 and, also, our assessment of the respective legal certification of the accounts and audit report issued by the firm of statutory auditors.

### **I. Annual report of the activities of the Fiscal Council for the financial year 2024**

In accordance with the provisions of Article 420(1)(g) of the Commercial Companies Code and Article 8(1)(h) of the Internal Regulations of the Fiscal Council of PHAROL, this body hereby presents the report on the supervisory action carried out in the 2024 financial year.

1. The Fiscal Council regularly performed the functions of its competence, through periodic meetings with the heads of the relevant areas and also the additional information and clarifications obtained, including the presentation of the main trends and developments that occurred in terms of the development of PHAROL's management and activity.
2. The Fiscal Council also assessed the financial information produced during the 2024 financial year, having carried out the analyses and verifications deemed appropriate and necessary.
3. The work of the Fiscal Council has always consisted of complying with the legally enshrined matters, of permanently monitoring PHAROL's activity, and of verifying that the individual financial statements have been prepared in accordance with the accounting reference in force.
4. During the 2024 financial year, the Fiscal Council met nine times, having developed several actions, of which the following stand out:
  - i) Monitoring the quality, integrity and effectiveness of internal control and risk management systems;
  - ii) Supervision of the preparation of individual financial information;

- iii) Verification of the regularity of accounting records and the accuracy of individual accountability documents;
  - iv) Assessment of the accounting policies and valuation criteria adopted by PHAROL as to their adequacy and consistency, which aim to ensure the presentation of a true and appropriate image of the financial position and results;
  - v) Verification of the compliance of individual financial statements with applicable legal requirements;
  - vi) Analysis of the individual financial information disclosed.
5. Pursuant to the aforementioned regulation, which defines the rules and procedures to be adopted in the *Whistleblowing* System, the Fiscal Council took note of the half-yearly reports of the activity carried out by the Qualified Holding Analysis Unit, dated July 11, 2024 and January 10, 2025, and there were no Participations during the 2024 financial year.
6. In compliance with the provisions of paragraph 1 of Article 249 - A of Law No. 50/2020 of August 7, the Fiscal Council gave its favorable opinion to the Service Order in which the procedures applicable to transactions with related parties in 2020 in force are established. In 2024, no transaction with related parties was subject to the prior opinion of the Fiscal Council.
7. The Fiscal Council, within the scope of its functions, exercised its powers in terms of overseeing the qualifications, independence and exercise of functions of the external auditor and statutory auditor, having also met regularly with the latter, who always provided all the technical and accounting clarifications deemed necessary.

It also took note of the results of the audit and external audit work on the individual financial statements for the financial year 2024, which include the balance sheet, the profit and loss statement, the statement of changes in equity, the statement of cash flows and their annexes.

The statutory auditor and external auditor followed the process of preparing PHAROL's individual financial statements, having informed the Fiscal Council of his conclusions and his agreement with the documents prepared by the Board of Directors.

Through the Additional Report addressed to the Fiscal Council, the statutory auditor and external auditor communicated the relevant aspects of the work carried out and its conclusions.

The Fiscal Council took note of the legal certification of the accounts and audit report on the individual financial information for the year 2024, issued without reservations or emphases, by the statutory auditor and external auditor, a document that deserved its agreement.

It is the understanding of the statutory auditor and external auditor that they consist of relevant audit matters:

- i) Measurement of investment in debt securities issued by Rio Forte Investments, S.A.

- ii) Measurement of investment portfolios in financial assets

In these areas, audit procedures and tests considered relevant in the circumstances were developed.

- 8. In the course of its powers, the Fiscal Council has verified that the report of the Board of Directors refers to the most relevant aspects of the activity during the year and is in accordance with the individual financial statements for the year.

## **II. Opinion of the Fiscal Council**

Pursuant to and for the purposes of article 29-G, paragraph 1, paragraph c) of the Securities Code, each of the members of the Fiscal Council declares that, to the best of their knowledge:

- i) the management report, the annual accounts, the legal certification of the accounts, the audit report and other individual accountability documents for the financial year 2024 were prepared in accordance with the applicable accounting standards, giving a true and fair view of PHAROL's assets and liabilities, financial condition and results;
- ii) the management report faithfully sets out the evolution of PHAROL's business, performance and position and contains a description of the main risks and uncertainties that PHAROL faces in its activity.

On the basis of the above report, the steps taken as well as the conclusions contained in the legal certification of the accounts and audit report and the additional report to the supervisory body on individual financial information, and taking into account the information received from the Board of Directors, PHAROL's services and the statutory auditor and external auditor, We express our agreement with the Management Report, the individual financial statements and the proposal for the application of the individual net profit for the 2024 financial year, so we are of the opinion that nothing prevents its approval at the General Meeting.

Finally, the members of the Fiscal Council express their recognition and gratitude to the Board of Directors, the main managers and other employees of PHAROL for all the collaboration provided.

Lisbon, February 25, 2025

THE FISCAL COUNCIL

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José Eduardo Fragoso Tavares de Bettencourt — President

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Isabel Maria Beja Gonçalves Novo — Member

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João Manuel Pisco de Castro - Member

# **PHAROL, SGPS S.A.**



**STATUTORY AUDITORS' CERTIFICATION  
AND AUDIT REPORT**

## Statutory auditor’s report and Audit report

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of **PHAROL, SGPS S.A.** (the Entity), which comprise the balance sheet as at December 31, 2024 (showing a total of 95 019 669 euros and a total net equity of 92 184 407 euros, including a net profit of 24 207 036 euros), and the income statement by nature, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **PHAROL, SGPS S.A.** as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System (Sistema de Normalização Contabilística).

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Measurement of debt securities issued by Rio Forte

Description of the key audit matter	Audit Approach and Response
As of December 31, 2024, the balance of Other financial investments includes approximately 51 906KEuros relating to the measurement of debt securities issued by Rio Forte.	In order to respond to the identified risks, among the audit procedures carried out, we highlight the following: <ul style="list-style-type: none"> <li>Analysis of the information contained in the reports and notices issued by the trustees of Rio Forte's insolvency proceedings;</li> </ul>
As disclosed in Notes1, 3, 7 and 17 of the Annex to the individual financial statements, on	

March 30, 2015, the commercial paper securities issued by Rio Forte Investments, SA (Rio Forte) were returned to Pharol, following the execution of the exchange agreement signed on September 8, 2014 between the Oi Group and the Pharol SGPS, SA.

Rio Forte is in insolvency proceedings taking place in Luxembourg, with high public notoriety.

The trustees of Rio Forte have been bringing about several actions aimed at not accepting the credits claimed by Pharol and, at the same time, bringing about actions for the cancellation of payments made by ESI.

Still in December, the Luxembourg Commercial Court partially recognized to Pharol the right to credit on Rio Forte's insolvent estate, and the decision on the remainder was suspended until the resolution of competing proceedings. Pharol considers the probability of conviction to be very remote.

This investment is relevant within the scope of Pharol's financial statements, and its measurement involves significant judgments, which justifies that this matter has been considered as relevant to the audit process.

- Analysis of the judgments made by Management in determining the recoverable amount of debt securities as of December 31, 2024;
- Requests for confirmation sent out to the institutions where the corresponding debt securities are deposited;
- Monitoring of the communication made by the trustees of the insolvency proceedings of Espirito Santo International, SA (ESI);
- Follow-up to the November 2023 defence of Rio Forte's trustees in which, based on a measure of prudence, they decided to submit to the Court of Luxembourg the decision to admit to the insolvency liability the claims lodged by Pharol, followed in 2024 by an action for annulment of claims paid by ESI in 2014.
- Circularisation of the lawyers who monitor the insolvency proceedings and analysis and evaluation of the corresponding response regarding the estimated outcome for Pharol of these proceedings, also considering the report of the independent expert hired by Pharol and Rio Forte's insolvency trustees to document the financial flows related to the claimed credit;

Finally, we assessed whether the disclosures made by the Entity in the notes attached to the financial statements are in accordance with the requirements of the accounting regulations in force.

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**Measurement of investment portfolios in financial assets**

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Description of the key audit matter	Audit Approach and Response
As of December 31, 2024, the balance of Other financial investments comprises around 26 979KEuros relating to investment portfolios in financial assets.	In order to respond to the identified risks, among the audit procedures carried out, we highlight the following:

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As disclosed in Note 7 of the Annex to the individual financial statements, these assets are valued at fair value with the changes recognized in results.

The Entity subscribed to investment portfolios in financial assets managed by these banking entities and applied in accordance with previously defined criteria and limits, being composed mainly of asset groups of bonds and shares of listed companies.

Management follows up in a timely manner on the possible existence of signs of impairment at each reporting date. His analysis is based, among others, on his knowledge of the business, experience in the sector and market studies on the assets in question.

The relevance of the amounts in terms of value and interest to stakeholders justifies that this matter has been considered relevant to the audit process.

- Circularisation of banks managing investment portfolios;
- Obtaining and analysing the Portfolio Management Reports, with reference to December 31, 2024;
- Confirmation of compliance with the application by banking entities of the criteria and limits previously defined by the Group;
- Validation of the appropriate form of classification and measurement of these investments;
- Substantive tests for validation, by sampling, of the valuation of securities in the portfolio, based on their official quotations;

We also assessed the disclosures made by the Entity in the notes attached to the individual financial statements and verified and concluded on their adequacy in accordance with the requirements of the accounting regulations in force.

## Other matters

The financial statements of **PHAROL, SGPS S.A.** for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on the financial statements as of February 26, 2024.

## Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with Accounting and Financial Reporting Standards adopted in Portugal under the Portuguese Accounting System (Sistema de Normalização Contabilística).
- the preparation of the management report in accordance with applicable laws and regulations.
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes their public disclosure.
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code on corporate governance report as well as verification of remuneration report.

## **Report on other legal and regulatory requirements**

### **On the management report**

Pursuant to article 451.º, n. º 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements.

### **On the corporate governance report**

Pursuant to article 451.º, n. º 4, of the Portuguese Companies' Code, it is our opinion that the corporate report includes the information includes the elements required of the Entity pursuant to article 29-H of the Securities Code, and no material inaccuracies have been identified in the information disclosed therein, complying with the provisions of paragraph 1(c), (d), (f), (h), (i) and (l) of said article.

### **On the remuneration report**

Pursuant to article 26-G(6) of the Securities Code, we hereby inform that the Entity has included in a separate chapter, in its corporate governance report, the information provided for in paragraph 2 of that article.

### **On the additional matters provided in article 10 of the Regulation (EU) nº 537/2014**

Pursuant to article 10 of the Regulation (EU) nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as auditors of the Entity in the shareholders general assembly held on March 22, 2024 for a first mandate from 2024 to 2026.
- Management has confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report that we prepared and delivered to the supervisory body of the Entity on February 25, 2024.
- We declare that we have not provided any prohibited services pursuant to Article 5 of Regulation (EU) No 537/2014 and that we have maintained our independence from the Entity during the conduct of the audit.
- We inform you that, apart from the audit, we have not provided Pharol and its subsidiaries with any other services.

Lisbon, February 25, 2024

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### **Forvis Mazars & Associados, Sociedade de Revisores Oficiais de Contas, S.A**

Represented by Luis Filipe Soares Gaspar (Statutory Auditor nº 1003 and registered with CMVM under nº 20160618)

### **Explanation added for translation**

(This report is a translation of a report originally issued in Portuguese. Therefore, according to Portuguese Institute of Statutory Auditors instructions, the report is not to be signed)

## **Contacts**

### **Investor Relations**

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Shareholders, investors, analysts and other interested parties should send their requests for information and clarifications (annual, half year, and quarter reports, press releases, etc.).

### **Website**

All publications and communications, as well as information regarding the businesses performed by the Company, are available on PHAROL's Internet page, at the following address:

[www.pharol.pt](http://www.pharol.pt)

### **Registered Office**

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